

**SYMPOSIUM**  
**ON**  
**"RURAL DEVELOPMENT AND**  
**WEAKER SECTIONS OF THE SOCIETY"**

**On 1-11-1979**

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**ORGANISED BY**  
**THE SMALL FARMERS DEVELOPMENT AGENCY WARANGAL**  
**AND**  
**INDIAN INSTITUTE OF PUBLIC ADMINISTRATION LOCAL BRANCH**  
**WARANGAL**

1. What is poverty.
2. There have been different views on the interpretation of poverty but unanimous view has been that poverty exists in India.
3. Most of the studies conducted on poverty used hunger as the principal criterion. All those who are not getting the required calories of food for the maintenance and healthy growth are put below the poverty line.
4. The Central Government and the Planning Commission also accepted that there are around 38% of the people who are below the poverty line.
5. A Task Force Committee appointed by the Planning Commission in 1973 observed that the number of persons below the poverty line over the years has increased.
6. Several programmes such as land reforms, abolition of bonded labour, minimum wage, small farmer development, abolition of rural indebtedness etc., are formulated and being implemented.
7. Several research studies and reports revealed that these programmes did not have the desired impact.
8. These studies have come out with the following reasons.
  - a) The deep rooted vested interests in the village not only refused to welcome these programmes but worked against them.
  - b) The emergence of middle man is a manifestation of the vested interests who indulge in manipulation and manoeuvrings.
  - c) The procedural rigmarole, impersonal rules and regulations followed by the bureaucracy smack of colonialism.
  - d) Lack of human approach and sincere commitment on the part of both the administrators and the politicians.
  - e) The policies have been vague and are not free from internal contradictions.
  - f) The poor who are to be benefitted are neither politically educated nor are properly organised.

It is these <sup>deficiencies</sup> ~~weaknesses~~ that rendered anti-poverty programmes ineffective if not non-operative.

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## INTEGRATED RURAL SERVICE CENTRES

M. KISTAIAH

The Sixth Five Year Plan draft document has identified the basic requirements of the poorest sections of the people living in the rural areas and the urban slums and envisaged, among other things, "provision by the State of some of the basic needs of the people" as one of the objectives. It is clear from the document that the successive five Year Plans were unable to meet the rural challenge effectively and thereby reduce the ratio of the people living in abject poverty over a period of time. Clean Drinking Water, Adult Literacy, Elementary education, Health Care, Rural Roads, Rural Housing for landless and minimum services for the urban slums are the areas identified by the plan document. For the first time the Planning Commission has declared specific services to be rendered by the State for the uplift of the downtrodden.

To realise this objective an entirely new administrative approach is called for so that the implementation of the policies would be easily put into practice. At present these services are managed from the State capital or district headquarters and none below the taluka level. This system should be replaced immediately. Dispersal of authority, coupled with decentralization of administrative machinery from the State Capital to the district, from the district to further down and finally to the proximity of the target group is required today.

It is pertinent to recall the recommendations of Ashok Mehta Committee on Panchayati Raj Institutions. Among other things, the Committee suggested the creation of Mandal Panchayats for a group of villages with a population of the order of 10,000 to 15,000. Based on the experience in Dharmpur taluk of Bulsar district of Gujarat and Bhagalpur district in Bihar, the committee came to the conclusion that there was a need for restructure of administrative divisions. With necessary infrastructure, growth centres in terms of the Central place theory, have to be created for a cluster of villages in a central village. In support of its argument the committee says that by 1982-83 there will be 53 lakh pump sets for agricultural operations. This calls for a more sophisticated activity at the rural level in repairs, in servicing and in technically trained personnel. The Committee emphasised that the distance being a cost factor both for the producer and consumer, location of appropriate physical and social facilities at a central place would accelerate economic development,

In view of the Sixth Five Year Plan (1978-83) commitment and the recommendations of the high level committee on Panchayati Raj Institutions on Rural development and orientation towards the neglected sections of the society, there is an imperative need for reorganisation of administrative machinery to fulfil the aspiration of the poor.

To take the first things first, the existing public Health Engineering Organization is not able to cope with the challenge of drinking water scarcity. Further, because of a number of constraints it is hardly able to attend to the water problem in the urban and semi urban centres. Therefore, there is need for creation of Rural Public Health Engineering Organization exclusively for the benefit of and undivided attentions to the villagers. Digging of bore wells, regular repairs, construction and maintenance of filter beds wherever assured water is readily available is possible if the new institution is located for a cluster of villages.

The existing medical infrastructure is elite oriented and urban based and the medical men always look forward to migrate to the towns even when posted at a rural dispensary as a compulsory service. Those who are willing to work find it difficult to stay because certain basic amenities like, permanent buildings, regular supply of medicines are not available under the existing dispensation. Therefore, rural medical centres have to be established with an accent on Unani, Ayurvedic and Herbal medicines, which are cheaper, easily available and above all rural people still have immense faith in and familiarity with their utility and application.

Distribution of house sites with subsidised construction facilities have become a prominent theme of " Garibhi Hatao " programme but over a period of time it has been found out that all is not well with the scheme. The existing organizations like HUDCO, LIC, Housing Boards etc., are highly elite oriented and serve the interests of the organized sector and invest in the construction of multi storied building with an eye on profit making. A Rural Housing Board with its field agencies in the growth centres for the purpose of constructing low cost houses for the poor and needy and construction and maintenance of schools, hospitals etc., would go a long way to meet housing shortage in the villages.

In the scheme of education primary education lies sadly neglected at the bottom. The dismal phenomenon of swelling the numbers of drop outs lapsing to illiteracy is largely due to the lack of teaching arrangements, proper black boards, chalk, maps, and above all congenial housing facilities. The existing administrative machinery is not able to conduct single inspection even once in a year. Therefore further decentralization of school administration from district to the cluster village centres is necessary for effective functioning of schools.

Most of the states have prepared ambitious plans to provide transport facility to all the villages. The slogan of bringing banking facilities to the door of the villager is gaining momentum. Surplus foodgrains have to be brought to the market place. Agricultural extension and technology is rapidly spreading to far flung areas. We have green revolution, white revolution, and expect other revolutions on agricultural front shortly. All these programmes require road communication net works. Otherwise all the efforts will come to naught. On a war footing rural roads have to be developed under village Roads Organization on the lines of Government of India's Border Roads Organization.

In this scheme of reorganization of administrative machinery, energy is included because it is a major catalyst in the economic development of the rural India. As already mentioned the Mehta Committee emphasised the need for creating service centres for a group of villages to meet the demand of service, repairs to pump sets. Therefore, service centres have to be established in the rural areas exclusively for the service of the rural couplings.

In the light of the above discussion we are now fairly convinced about the establishment of a Integrated Rural Service Centre for a cluster of villages. All those services which deal with the basic problems of the rural population proposed earlier, Water, Health, Housing, Education, Roads, Electricity, ( in short WHERE) should be physically located preferably under one roof to attend to the needs of the rural people. To begin, with, the Planning Commission, after a detailed preparation and design, should start a few Integrated Rural Service Centres as pilot Projects in the countryside. In case the states feel that the Centre is encroaching into their sphere of activity, the centre may allocate funds to the States for this purpose. In a phased manner the new scheme may be introduced in the entire country as it would certainly transform the country side. The new approach would also generate employment potentialities and puts emphasis on the rural service which will effectively meet the challenges of new awakening among the rural folk.



## HARIJAN WELFARE THROUGH RURAL DEVELOPMENT:: SOME ISSUES:

G.SREENIVAS REDDY.

Rural Development has become a major preoccupation of the Government in the recent past. Importance of rural development can hardly be over emphasized in a country which lives in its villages. Almost all the problems that bedevil the countrys developmental thrust such as poverty, illiteracy, ill health, Casteism etc., are more acute in rural India. Greater attention is needed for the rural problems for levelling up the wide disparities that persist in the development of rural and urban areas.

Constituting nearly 15 per cent of the countrys population Harijans are among the weakest among the weaker sections of society. The problems of Harijans form the core of rural problem for various reasons. bulk Together with tribals the Harijans constitute the ~~back~~ back of rural poor. Untouchability, the most pernicious of discriminations suffered by Harijans is a typically rural problem how levels of literacy and unskilled nature of their manpower block their absorption into urban sector and call for rural solutions. Further, if agriculture is the back bone of Indian economy, Harijans are the back bone of agricultural economy for agriculture is greatly dependent on their labour. To cite the example of Andhra Pradesh 71.43 per cent, of the SC. working population is engaged in agricultural labour compared to 30.31 per cent of the non S.C. and non S.T. population. Further more, a far greater proportion of Harijans live in rural areas than non-harijans. The level of urbaingation is only half that of the non-Harigans again to cite the case of Andhra Pradesh.

The above clearly establish the fact that the Harijans stakes are vitally linked up with rural development and hence Harijan welfare constitutes one of the most important among the programmes for rural development. Infact there is no major document on rural development which explicitly or implicitly makes a reference to the Harijan problem.



2nd paper.

In this paper some of the issues involved in Harijan Welfare are briefly outlined. The issues discussed here neither present the whole range of problems connected with Harijan welfare nor gives a comprehensive treatment of a few. Instead what is done here is to identify a few of the problem areas in a sketchy way.

NEGLECT OF ECONOMIC INTERESTS:- Abject pverty resulting from a combination of socio-economic and historical factors lies at the root of Harijans problems. But most of the efforts for uplifting Harijans centres round non-economic aspects like reservations in higher legislatures, education and services leaving the more basic problem of economic justice by and large neglected. The constitution while making provision for political justice by enshrining the principle of one man vote and reservations in the representative institutions does not extend the same treatment to Harijans in the sphere of economic life. If anything the constitution itself has stood as a major stumbling block in the way to the progress of Harijans in the absence of such a treatment their condition continues to be misearable or get further worstened . To give just one example the percentage of landless agricultural labourers among Harijans rose from 34.5 percent to 51.8% in one decade i.e. from 1961 to 1971.(Asok Mehta Committee report page 81).

UNTOUCHABLES TO THE RURAL POWER STRUCTURE:-The rural power structure is heavily weighted against Harijans and their interests. All most all the important positions of power and prestige in rural life like those of Panchayati Raj, village Officers, Chairmen of Cooperatives etc. are by the privileged sections . Ofter having a vested interest in the continued under development of people such as Harijans.

LACK OF COORDINATION:-A number of agencies like District Social Welfare Officers, S.C.& B.C. Corporation, District S.C.Co-operative Housing Society, Small Farmers Development Agency, P.R.Bochers etc. are working for the uplift of Harijans at the District and lower levels without an effective mechanism for coordination. There is no institutional structure to coordinate the efforts of

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various agencies engaged in Harijan uplift as in the case of tribals with institutions like Integrated Tribal Development Agency.

BACK\_OF HEADERSHIP:-A point slightly related to the earlier one but needing special emphasis is the problem of leadership among Harijans. The existing arrangements though provide for some kind of a special representation for them does not promote a truly representative leadership. The present method of electing S.C. representative through reserved constituencies predominantly consisting of non S.C. voters does not reflect the true choice of Harijans. The present method does not provide for effective channels of contact and control between Harijans and their so called leaders. As a result what we have to day is not Harijan representatives in the legislatures but Harijans as representative. Studies have confirmed the point that the Harijan legislators being elected from reserved constituencies have an elitist nature.

BACKGROUND OF BUREAUCRACY:-The bureaucracy employed for rural development in general and welfare of weaker sections in particular is not much distinct from the one employed for regulatory purposes either in terms of equipment or in terms of orientation. This coupled with the predominantly urban upper caste, and upper middle or middle class nature of the bureaucracy makes it difficult to be sensitive to the Harijans requirements.

An important feature of the New Economic Policy of the government at the centre is its emphasis on agriculture and rural development. This is in consonance with the changes that are taking place in the thinking and attitude towards agricultural and rural development in all countries, and more especially in developing countries. Rural development, as it is commonly understood, is a process by which the living standards of the poorer sections in rural areas are to be improved. The strategy for rural development as envisaged by the government, therefore, involves a massive investment on various rural works. To implement this programme, 40% of the public sector investment is allocated for agriculture and rural development which includes expenditure on rural roads and power for irrigation. A part from the active participation of the government, the developmental programme requires financial help from various agencies.

The central government's strategy for rural development, where the government not only actively participates but also involves other financial intermediaries in the programme, would raise three fundamental questions. First, what are the constraints in the past and that are likely to recur in future for the various financial intermediaries to render help to the politically and economically weaker sections in rural areas? Third, what are the various socio-political dimensions to this development programme?

To answer the first question, a more fundamental question has to be answered. What is the authentic end of rural development? The concept will obviously vary from individual to individual, but something in the nature of a logical answer to the question can be worked out in an abstraction. This would first require a presentation of the objective reality, a subjective derivation to the objectively stated problem can then be effected. The fundamental aspect of rural processes in exploitation. The exploitative mechanism along with the right to own property has resulted in the concentration of economic power in a few hands<sup>1</sup>.

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1. C.Siva Rama Krishna Rao: 'Janatas rural development strategy, a paper submitted at the symposium on rural development 11 PA, Warangal.



Even with the date for 1971-72, over 50% of rural holdings in India with holdings of less than 2.5 acres account for less than 10% of all agricultural land. If one talks of holdings below one acre including the landless with no holdings at all, the percentage of households is about 40%, and the total area of land belonging to this 40% accounts for a mere 20% of the total land area. At the other extreme, 10% of rural households with holdings of 10 acres or more account for about 55% of the total land under cultivation. If any thing this figure is more rather than less, because one has to make allowances for the fact that by 1971-72 people were aware of the impending legislation on land ceilings and so some concealment may have taken place.<sup>2</sup> The second set of data, which can reveal the economic power of the rural rich, is concerned with the credit facilities in rural areas. This data is taken from the rural credit survey for 1971-72 undertaken by the Reserve Bank. This data reveals, that only about 15% of rural households had assets above Rs.20,000. Yet they accounted for nearly 66.6%, or almost two-thirds of the total value of land owned and also accounted for about 66% of the total cooperative credit <sup>3</sup>.

These two factors, of land distribution and credit distribution are the two very tangible institutional factors which undermine every thing else in the rural sector, namely the distribution of income, fact of poverty etc. Given this objective reality, what should be the end of rural development? Depending upon their persuasion people may be said to belong to two classes those who would see the end as survival, arrived at through some optimisation procedure, within the constraints imposed by the system; and those that would see the end as an elimination of the system. The approach to rural development would accordingly assume the form of either symptomatic treatment of the ~~akxaxxx~~ disease or of an elimination of the disease altogether by attacking its causaprima. The present strategy belongs to the first category. That is why the emphasis was more on improving the income of small farmers and marginal farmers by provision of infrastructural facilities through rural works and also financial help through various agencies of rural credit and creation of more employment opportunities to landless workers through rural works and rural industries.

2. K.N. Raj, The economic Outlook, India International quarterly, Vol.4., No.3.1977, re-published in Mainstream, Vol. XVI, No.18, Dec. 1977, p 12.

3. Ibid. p 12.



This brings us to the second question about the role of financial intermediaries in the past in rendering financial help to the weaker sections of the rural population. Traditionally rural money lenders, cooperative credit societies and commercial banks had been playing an important role in Agricultural finance. Of late, there are other agencies like Agricultural Refinance Corporation, Agricultural credit Corporations, Small Farmers Development Agency, Gramseena Banks, which are also meeting partly the credit needs of agriculturists. In the absence of growth of financial institutions, money lenders have played an important part in Indian agricultural finance. The Indian government broadly accepted the proposal of the all India rural credit survey for gradually reducing, if not eliminating the importance of money lenders, by strengthening the cooperatives as an alternative source for supplying rural credit <sup>4</sup>.

The cooperative credit societies have not developed as a major threat to the entrenched group-money lenders and indigenous bankers - due to two reasons. Firstly the cooperative banks are not prepared to take any risk. With the introduction of high yielding varieties and the package programme the credit needs of the small farmers have gone up. Therefore most of them would be willing to approach the cooperative bank. But the bank imposes certain regulations on the borrowing of the members. In theory tenant cultivators and Small Farmers can borrow upto Rs.1,500/- on personal surety loans: that is on the personal guarantee of two land owners, subject only to the requirement of maintaining a 10:1 ratio between loans received and share capital owned. In practice however tenants and small farmers are considered poor loan risks, and personal surety loans, which are sanctioned tend to be much lower than the maximum permitted. In most cases, the amount of loan advanced is determined according to the value of the security, that is, land offered by the member <sup>5</sup>.

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4, Subrata Ghatak, Rural money markets, Macmillan, 1976, p 15.

5. Francine R-Frankel, India's Green Revolution and Economic going and political costs. Princeton Univ press. 1971, p.66.

The second reason, which follows from the first, is that creditworthiness in the rural sector still depends on the amount of land a household has what is worse is the fact that cooperative credit facilities are given more to those with landholdings than to those without. What is more unfortunate is that, this is truer for cooperative credit than for any other form of credit<sup>6</sup>. The Reserve Bank of India has conducted a survey on rural indebtedness not only in 1961-62 but also in 1971-72. During these ten years, the increase in total rural debt was from about Rs.2,700/- crores to about Rs.3,700/- crores, an increase of about Rs.1,000 cross.\* It so happens that the increase in cooperative credit extended and outstanding was also Rs.1000 crores. It is quite clear from this that the most dynamic element of credit to rural areas was cooperative credit. At most the entire increase of Rs.1000 crores in rural indebtedness is really only another way of viewing outstanding rural credit that has been extended through the new institutions of cooperative credit. As mentioned earlier two-thirds of this cooperative credit went to the top 15% of rural households who accounted for two-thirds of the value of the land owned<sup>7</sup>. Therefore the weak structure of cooperative credit institutions is made weaker still due to the default of the payment by big landholders.

Several measures, including entry of nationalised commercial banks in the field of agricultural financing, formation of farmer societies, organisation of small farmer's development agency and rationalisation of primary agricultural cooperative credit societies have been initiated to make the short term credit structure more viable. The achievements of the commercial banks in rural areas were really noteworthy, atleast in quantity when compared to that of the period before nationalisation. For, the banks opened up, during the period between July 1969 and December 1976, around 7000 branches in the rural centres while during the eight decades that preceded they could establish offices only at less than 2000 such centres. The share of rural branches in the total number of banks branches operating in the

6. K.N. Raj, Op.cit, p 12.

7. Ibid, p 13.

country has risen from 25 to 37% during the same period. About 7150 of the new branches opened after July 1969 and until December 1976, are opened in hitherto unbanked areas, and, they account for 46% of the total new bank offices. This exhilarating record of performance in opening overwhelming number of branches in rural areas led to the perceptible fall in population-served by every branch from 1,89,000 in 1969 to 55,000 in 1976. As far as proliferation of branches in rural areas is concerned, one may therefore, construe that the banks have shown a buoyant record<sup>8</sup>.

One needs to be clear, however, about criteria on the basis of which the performance should primarily judged. The rate of expansion of the number of bank offices whether in the aggregate or according to location, is not an adequate index by itself<sup>9</sup>. One also needs to know what kinds of services were so provided and to whom, how far they fit in with the policies and objectives of development, and to what extent nationalization has helped to improve the techniques and effectiveness of monetary management. Two other criteria by which the performance of nationalized banks has been judged have been the rate of nationalization of deposits and extension of advances to priority and neglected sectors<sup>10</sup>. As for mobilisation of deposits the performance is not considerable. The increase in share of deposits and advances from 6 to 8.5% and 3.3 to 6.0% respectively does not signify any great achievement on the part of the commercial banks when we perceive the specific emphasis laid on these financial institutions in developing the rural region. The credit deposit ratio has no doubt increased in rural areas from 38 to 52 percent during the period under review. Despite this, the ratio does not corroborate with that of all-India 74%. The trend further denotes that even the small deposits mobilised in rural areas are not being properly disbursed in the same area.

8. Biggy Economic Review, Participation of Commercial Banks in integrated Rural Development, Vol.23, No.7 Feb.1978. pl.

9. K.N.Raj, Nationalisation of Banking in India, Economic Theory and planning edited by Ashok Mitra, Oxford University press 1974 p 314.

10. Ibid. p. 314.

11. Piggy Economic Review, Op.cit., p2.



Regarding the agricultural advances, the banks has stepped ~~xx~~up their agricultural operations and by the end of June 1976 they have lent to as many as 30 lakhs people as against a mere 1.6 lakhs at the end of June 1969. The amount disbursed has also increased from Rs. 40. crores at the end of June 1969 to Rs. 700 crores by the end of June 1976 .

The National Commission on Agriculture has estimated that institutional sources are likely to be called upon to meet the credit requirements for agriculture to the extent of Rs. 9,400 crores - Rs. 4000 crores of short term and Rs. 5400 crores of long-term credit. Even though the achievement by banks is much encouraging, all these endeavours of the banks have not touched even the outerfringe of the rural population. While considering the enormous complex problem of the rural areas, what has been achieved appears to be insignificant.

As for the advances given to priority and neglected sectors, it is difficult to draw truly meaningful inference when, for instance, the whole of agriculture is treated as one sector without distinguishing between different categories of borrowers. There has been enough evidence that those with larger holdings of land, capital etc., have always had greater access to credit & from traditional as well as modern sources. The basic question to consider is whether and to what extent those placed in less advantageous position have benefitted from the nationalisation of banks <sup>13</sup>.

According to one bank manager, the lack of thrust among the banks to reach the masses is because of their inability to deal with a large number of ill educated small borrowers. Bank credit imposes financial discipline, anticipates surplus, implies hard work and honesty of purpose, necessitates in the beneficiary the propensity to save and it also entails recovery by the bank personnel. Banker's enthusiasm to purvey credit for rural development has to be matched with the ability and response of the beneficiaries to translate into reality the viable schemes and cultivate banking habits-when to borrow and how to repay <sup>14</sup>.

12. Ibid., p2.

13. K.N. Raj, Op. cit., p315

14. V. Bhaskara Rao., Rural Dev. and Bank credit, a paper submitted to the symposium on Rural Dev. organised by the local branch of IIP A at Warangal, May, 1978, p3.

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Therefore banks, by their every nature, have limits for their credit creation. Though their demands are genuine, the poorer sections of population do not have creditworthiness.

The commercial bank credit could not effectively and satisfactorily handle the complex credit demands for the major portion of the rural population <sup>15</sup>. For this purpose banking, namely Gramaena Vikas Kendra, Gramaena Vikas Kendra will make the rural branches the focal points of integrated rural growth and will enable them to work in a manner conducive to the total development of their areas of operation in coordination with the local, state, central and other agencies engaged in rural upliftment <sup>16</sup>.

In this context, the functioning of the rural or grameena bank has been commended by the Dantwala Committee on Regional Rural Banks. The report says that within a short span of time, the Regional Rural Bank have demonstrated their capability to serve the purpose for which they were established. The superiority of these banks as an agency of rural credit over the rural branches of commercial banks is derived from their relatively low cost of operation, low profits, local participation in management, the feel and familiarity of local staff and close association of the district-level agricultural and rural development agencies and personnel <sup>17</sup>. According to the report the committee has recommended that a Regional Rural Bank should cover a population of 10 to 15 lakhs normally. From the angle of financial viability and managerial efficiency, the reasonable number of branches for each RRB will be between 50 and 60. While the RRBS should cater predominantly to the needs of the weaker sections of rural population, they should <sup>be</sup> allowed to take up the financing of larger borrowers to a limited extent and extend all types of banking services to the rural people. At the end of June 1977, there were 48 RRBs with 767 branch offices covering 86 districts of 16 states. The loans advanced amounted to Rs. 19.58 crores in 2.47 lakh accounts. ----- in

15. Pigmy review, Op.cit., p2.

16. Gramaena Vikas Kendra, A paper submitted to the symposium on Rural Dev. organised by the local branch of IIPA at Warangal, May 1978, pl.

17. Hindu July 24, 1978, p11.

Out of the total loans, small, marginal farmers and landless labourers received Rs. 11.67 crores and rural arrisans and others Rs. 6.44 crores. Indirect loans accounted for Rs. 1.95 crores and consumption loans for Rs. 1.7 lakhs <sup>18</sup>.

The successful functioning of these banks depends, to a large extent, on their ability to cater to the consumption needs apart from the production needs of the farmers. As the figures above indicate, a negligible amount, 11.7 lakhs out of 19.68 crores, has been advanced for consumption loans.

Even though the growth of these institutions has check-mated the growth of business for money lenders in rural areas, still they play an important role in rendering financial help to the villagers. A sample survey of villages in East India reveal that professional money lenders operate in 30% of West Bengal villages, 53% of Bihar villages and 57% of East U.P. villagers. Apart from professional money lenders, there are rich farmers who practise money lending in most of the villages. Over East India as whole, 45% of the villages surveyed had money lenders. Money lending by rich farmers is practised on 83% of the villages <sup>19</sup>. Therefore the small farmers depend essentially on money lenders, including agricultural money lenders, who re-lend institutional credit to small farmers at high rates of interest and whose advances increased very much during the plan period. Contrary to the general belief, as shown earlier, big farmers have been great defaulters in respect of repayment of loans than small farmers.

The real need of small farmers has been an adequate availability of institutional credit rather than lower interest rates, as the rates charged by these institutions are already much lower than those at which small farmers have to borrow from money lenders. Yet instead of rationing the institutional credit for ensuring equitable distribution, attention has been focussed recently more on lowering lending rates for small farmers through a scheme of differential interest rates. The scheme of

18. Ibid., p11.

19. Pranab Bandan & Ashok Rudra, Interlinkage of land, Labour and credit relations, Economic and Political Weekly, Vol. XIII Annual number 1978, p 373.

differential interest rates cannot be expected to succeed in the absence of credit rationing, because so long as large farmers are able to corner a substantial portion of credit and small farmers are denied their due share from institutional sources, it would be possible for the agricultural money lenders to shift the burden of high rates of interest to the small farmers by raising market rates of interest. For the demand for such loans is relatively inelastic<sup>20</sup>. The basic problem, therefore, is getting credit extended by banks to the required extent to those who are not sufficiently creditworthy in terms of the conventional criteria; the question of extending credit at concessional rates can assume importance only after some progress has been achieved in this direction<sup>21</sup>.

After evaluating the performance of various rural credit agencies, it is obvious to every one that these institutions had been pampering the rich with the rigid criteria they have set for themselves. Therefore the third question-what are the various socio-political dimensions of this programme crops up. The Socio-political dimensions, which cannot be neglected completely, are that the top deciles of the country's population has grown in strength, and this growth in strength has made the bottom four deciles far more valuable. Increased strength of the top deciles had not simply left the situation unchanged for the four deciles of population<sup>22</sup>. It has, if anything tipped scales against them. It is by now well recognised that the cooperative credit structure, has come in handy for the vested interests- the landed gentry, the powerful politicians and sections of the state bureaucracy - for perpetrating the status quo and consolidating their social, economic and political domination in the rural areas. One frequently comes across instances of political opponents, poor village artisans, small and marginal farmers and several others being denied credit from the cooperatives<sup>23</sup>. purely as a banking proposition, the entire structure can hardly be said to be either extensive or

20. Ch. Hanumantha Rao., Technological Change and Distribution of gains in Indian Agriculture, Macmillan, 1975, p 188.

21. K.N. RAJ, Op.cit., p317

22. K.N. Raj, The Economic Outlook, Op.cit. p13.

23. K.K.Taimni, Official paper on the report of the Committee on integration of credit institutions, Economics & Political weekly, Jan, 8. 1977 p15.



viable in terms of its capacity to contribute to agricultural development <sup>24</sup> 24. If the same criteria for lending loans were to be adopted by credit agencies in future also, the borrower's land holding should improve to make him more creditworthy. The economically and politically weaker sections can improve their landholding only when a radical land reform takes place.

The main opposition to a radical land reform programme comes understandably from those who are likely to be effected most by it - the rich peasants and landholders, the cooperative rural elite which has replaced the big Zamindars and Jagirdars after the first round of land reform. Unlike the landed gentry which lived in the city and took no interest in cultivation, the present rural elite is enterprising and is very much rooted in the village socio-political system and so is much more difficult to remove. Moreover in addition to the economic power it holds, the rural elite wields an enormous amount of political and social power through its control over village institutions such as cooperatives and panchayat raj and through its contacts with the administration at different levels <sup>25</sup> . The nationalisation of commercial banks which were controlled by the industrial finance capital in 1969 and the decision to make a larger provision for rural credit could be interpreted as an attempt by the government to win over the largest possible section of this particular groups <sup>26</sup> . Rather than undermining the existing rural institutions by bringing about a radical transformation in the agricultural scene, the new technology has strengthened them and the groups in control of them. Whereas it was a difficult political task to antagonise the rural elite before, it is even more difficult today as it is now deeply entrenched in power in the countryside. The radical land reform which has been repeatedly pledged by the Indian government in the past becomes almost an impossibility within the existing socio-economic set up <sup>27</sup> .

Without a radical land reform, landless and other poorer exploited sections, for whom the rural development is meant, cannot possess land holdings. The possession of land holding

24. Ibid., p15.

25. Biplob Das Gupta, 'India's Greed Revolution' Economics and Political weekly, Vol.XII, Annual number 1977, p257.

26. Ibid., p 257

27. Ibid., p259



not only satisfies the land hunger of the rural masses, but also facilitates them to move up in the social hierarchy. Apart from the acquisition of social status, the possession of land enables them to improve their living standards through the availability of credit facilities from the institutional credit structure. The social hegemony of the upper classes will not allow this as long as they are able to thwart the attempts to implement a radical land reform. The conclusion from this perhaps emerges more weightily in favour of a radical transformation in the production relations in agriculture as the sure way for rural development.

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RURAL DEVELOPMENT - SPECIAL EMPHASIS ON TRIBAL  
COMMUNITY.

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The largest concentration of tribal people any where in the world, except perhaps in Africa, is in India. According to 1971 Census every sixth person belongs to tribal community. The tribals of our state number 16.85 lakhs of which 7.36 lakhs live in 11,595 Sq.Miles of Scheduled Area. Warangal District has a total tribal population of 43,287 of which 32,640 are in Scheduled areas. This does not include the population of 1.68 lakhs of Lambadas who have been notified as Scheduled Tribes during 1977. Koyas Predominate in Warangal district and they are mostly settled cultivators in the forest areas and the nearby villages. Lambadas, Yerukulas and Yanadies inhabit the plain villages. The Lambada population in the district is largely spread over in Mahabubabad taluq.

In accordance with the directive principle contained in article 46 of our constitution special programmes and regulations are issued from time to time for the welfare and development of the scheduled tribes to protect them from exploitation, and social injustice, done to them in the previous era.

Integrated Tribal Development Project:

As per the policy of the Government of India a sub-plan is prepared for all the areas of tribal concentration in the State in the Fifth Five Year Plan period. The Tribal areas in each district with sizeable tribal concentration form a Project area for Integrated Development Projects. Accordingly areas of Tribal concentration in Warangal district have been carved out by including the T.D.Block Eturnagaram, all the scheduled villages and villages tribal concentration lying in approximately to the scheduled areas which number 285 villages.

From the lessons learnt in the past a new strategy has been evolved for planning and development of the tribal community. In this connection the Fifth Five Year Plan envisages preparation of sub-plans for the tribal areas. The sub-plan for the tribal region is the smaller plan within the State plan. The resources are these of the state plan for the sub-plan areas, Central Sector outlays, special central assistance and institutional finances.

The sub-plan for Warangal District was prepared by the Tribal Research Institute, Hyderabad during 1974-75 with the following broad features.

- 1) Identifying the sub-plan area with tribal concentration.
- 2) Identification of the programmes for implementation.
- 3) Mobilization of resources of General sector, supplemented by Tribal Welfare Sector, Special Central Assistance and Institutional Finances.
- 4) Integration of area programme finances and administration.

## CORE PROBLEMS OF THE TRIBAL AREAS:

### 1) Land alienation of tribal lands:

In the past several years the non-tribals referred to as Settlers in the district alienated the fertile and the irrigated portions of the Tribal farmers, exploiting the weaknesses of the tribals for drink and their deep indebtedness. The revenue machinery specially created for tackling this problem is helping the restoration of the land to the tribal owners. The legal procedures only could not give the tribal a full scale relief. Social awareness will only help in this regard.

2) The literacy level is low among the tribals. This does not mean that the tribal is a inferior being. Even today he is perhaps better than the common man in the sense that he possesses the skill to utilise his difficult environment to his best advantage. He is independent as he can build his own house, make his own tools, can hunt for food, can identify plants and use them. He is his own medicine man. But in the present context when the society is progressing fast the tribal cannot remain just an isolated individual. Greater contacts with the rest of the society, which have become inevitable, compell him to improve his skills, to be equal to the new situation he is facing every day.

In addition to the formal education of the tribal children, job orientation training programmes have been taken up in the following trades.

- 1) Typewriting; (2) Village Officers Training;
- (3) Paid Secretaries; (4) Motor Driving.

This has given opportunity to the tribals in entering different walks of life.

3) The occupational pattern in the Project area shows that the 94% of the tribal population still live on agriculture. There is need for broadening the occupational base. In addition to the job oriented training programme a scheme is drawn up for supply of cart and bullocks for the tribals to make a living by employing himself in cutting the trees in the forest and transporting them to the highway point under the forest departmental logging and the A.P. Rayon's Industry.

4) The percentage of irrigated area to the net are sown is more than the Dist. average, but the non-tribal population in the area have a greater hold on the resources than the Sch. Tribes. There is vast scope for exploitation of surface & ground water resources. Keeping this in view highest priority for developing Minor Irrigation sources, tube wells & filter points, for developing the ayacuts of the tribals is given and considerable work is being done in this direction.

5) The per capita income among the tribals is low and there is need for an over all development of the tribals. The I.T.D.A. is playing a major role in this regard. The supply of dairy units and sheep units and the propagation of improved Agricultural practices & introduction of H.Y.V. seeds are helping the tribal farmers in increasing their income and also improving his diet and in reducing the



malnutritional problems. The development of the ayacut and area under irrigation is another important item helping the tribal to improve his economic conditions.

6) The tribals lethargy & lack of initiative makes him a poor contender in the struggle for life that constantly goes in the society, specially if it has a larger number of non-tribals. The several protective measures initiated by the Govt. are helping him to with stand the competition. The exclusive department for Tribal Welfare, the I.T.D.A. Tricor and Girijan Coop. Corporation initiated for the benefit of tribal and the statutory reservations made in the Educational fields and the services given to the tribals are increasing his confidence in marching forwards with other sections of the society.

7) The tribals leads a simple life. He lacks profit motto in managing the economic support schemes given to him. This has created more difficulties & necessity to have more closer follow up in the implementation of the schemes.

8) Tribals natural way of speaking only the truth while dealing with a trader or a money lender or a police or any other official always led him into several difficulties. Tribal requires all sympathy from all sections of society dealing with him. But, 'alas' this is lacking & even reducing day by day.

9) After the achievement of independence, the Government passed laws and regulations protecting, the interests of the Tribals and introduced several programmes and schemes for their economic betterment. The unsympathetic official machinery upto the grass-rootlevel which finally handles these welfare measures & schemes does not appear to have a practical and human approach in shaping the rules to the best advantage of the tribals. Exhibition of power at every level continues to be the weapon for the discharge of their functions. But this is not going to help the tribals in getting salvation. Committed officials & non-officials that can imbibe human approach into the rules and regulations capable of taking spot decision with service motto can only bring light to the Tribals and lead them in their forward march for a better life.

WARANGAL.

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## "PUBLIC PARTICIPATION: SOCIO-ECONOMIC CONSTRAINTS"

V.SHIVALINGA PRASAD.

### IMPORTANCE:-

- A. Since independence five year plan documents and many other reports of Government stressed the need for involvement of people in development programmes.
- B. Many research studies in India and abroad found that the public participation is a necessary if not sufficient, condition for rural development. Throughout the world public participation as an important variable in rural development is widely recognised.

### 2.MEANING:-

- A. In the broader context participation is viewed as conscious involvement of people in transforming the society.
- B. Participation is very often used to cover all the forms of action by which citizens "Take Part" in the operation of administration. To be precise participation may be viewed as "the ~~take~~ identification and conscious involvement of the people with the policies and programmes of the institution.
- C. Participation may be of antagonistic activities intended to change the system or of supporting activities for the growth and preservation of the system. It may be negative or positive, constructive or destructive depending upon the viewer. To Karl Marx participation by the masses was at once a process of education and of building up of a capacity for governing the new society.
- D. In the Indian context people's participation specially refers to the conscious involvement of the people who are below the poverty line, in the policies and programmes intended for their development.

### 3. SOCIO-ECONOMIC AND POLITICAL CONSTRAINTS: -

- A. Public is a heterogeneous mass consisting of groups with conflicting interests.
- B. Caste as a divisive force; traditional values, illiteracy and ignorance as causes for apathy.
- C. Economic inequality, lack of security, poverty, unemployment and production relations.

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D. Lack of political will, hold of vested interests on political and administrative machinery, and top-down approach of public administration.

4. NECESSARY CONDITIONS FOR PUBLIC ADMINISTRATION.

A. Participation depends on awareness, willingness and capacity of the people. Paulo friere suggested conscientisation as a means for the creation of awareness and willingness among the people. Conscientisation prefers to the process of learning to perceive social, economic and political contradictions and to take action against the oppressive elements of reality.

B. Egalitarian socio-economic structure is necessary to enable the people to gain the capacity to participate. Political parties and administrative machinery are to play an important role in establishing egalitarian society.

C. Organising the poor is a necessary condition for the effective participation of rural masses in development administrative which is aimed at creating a happy human life to all.



## NATIONAL HEALTH SCHEMES

By Dr. Prabhakar Rao,  
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In developing countries like India, the increase of morbidity and mortality is high as compared to those developed nations. Unless its people are healthy, no nation ~~can~~ can progress economically or socio-culturally. Sick people means sick nation. The ~~people~~ positive health health is our investment which rewards in multiples. To keep its people healthy, Medical and Health services are to be provided by the nation by employing a laviathan number of men and material.

In the matter of ~~hax~~ health care and medical facilities in rural areas the existing pattern is a primary Health Centre for population of roughly a lakh. The Government have been striving to fulfil the objective of providing basic health care to all specially in Rural Areas, through the Primary Health ~~or~~ Centres. The Government is also moving further to greatly enlarge the health service programme below the primary Health Centres level with establishing sub-centres for 10,000 population each. The primary Health Centre is the sheet anchor for which all the health and family ~~wk~~ welfare work radiates to the remotest corners, of the rural areas. It is the unit which not only guides, supervises, co-ordinates the work of all the health component at the gross root level, but also takes the help of the other development department staff, the staff of ~~for~~ voluntary organisations and community leaders to further implement the national Health Programmes. The basic integrated health services include:

1. Primary Health Care
2. Control of Epidemics and National Programmes of malaria, Tuberculosis, Leprosy, Cholera.
3. Nutritional supplements,
4. Immunisation of mothers, children and Agricultural labour against Tetanus.
5. Prophylaxis against nutritional anemias.
6. Prevention of night blindness and also provide environmental sanitation and extend health education.

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In implementing the programmes there are many hurdles faced due to non-cooperation or reluctance of people participation due to lack of education and ignorance. To cite, in earlier decades, small Pox Vaccination was not accepted by the community thinking that the disease is of Godess. Now the country is free from the scourge of Small Pox, thanks to the un-tiring efforts of workers engaged in total eradication of this dreaded disease by educating the masses and accepting the vaccination by community. Now in implementation of malaria eradication programme there are hurdles by not accepting spraying operations in the houses by a section of society. so also in implementing expanded immunisation programme, resistance is faced by a section of community with un-founded rumours that this immunisation programme is nothing but some kind of contra-deptive programmes. Rumours noticed in implementing vit. 'A' programme against prevention of blindness among the children, that this programme is aimed to make the children sterile as a method of family planning. And about family planning operations, there are tens of hundreds of rumours. So every effort is made to encounter and clear such misgivings by mass and extension Education and personal contacts. The success of any programme, largely depends on the response of the community to receive the services rendered at door step. It is therefore, desired to instill proper confidence amongst the masses. A little or even a mild mistake anywhere in implementing the programmes can shatter the confidence since every human-being is vitally concerned with his personal well being and his community and would not accept any service about which he has even the obscurest doubt. Not only it contained to himself not accepting service, but he would dissuade even others whom he has influence. A single complication or re-action or side-effect can have far reaching consequences. This natural tendencies of human nature towards gossip gives rise to various un-founded rumours, at times lead to incalculable harm to the programme. The ideal situation would be to take sufficient advance measures to educate the community about the effects and benefits of the programmes. Such education and informative activities of the service programmes can shape public opinion. Besides control the epidemics like, Small Pox, ~~Mx~~ Malaria Tuberculosis, Leprosy, Cholera, highest emphasis is placed upon extending MC Services and give special attention to the health status of the vulnerable section of our population in the remotest rural

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SYMPOSIUM  
ON  
RURAL DEVELOPMENT

ORGANISED

BY

SMALL FARMERS DEVELOPMENT AGENCY *and IFA*  
*Local Branch* WARANGAL

PAPER PRESENTED

BY

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HELD ON: 1.11.1979.

AT

WARANGAL.

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Eighty percent of India's teeming and overflowing population, numbering over 480 millions, live in its thousands and lakhs of villages which are scattered throughout the length and breadth of the country. India is one among the South Asian Countries viz., Burma, Bangla Desh, Pakistan and Sri Lanka in whose economies Agriculture plays a predominant role. It represents nearly half the total national income as compared to the Agricultural Sectors of other Countries such as U.K. (4%), U.S.A. (5%), Canada (7%) and Australia (13%) of their respective national incomes. Therefore the prosperity of the nation depends very much on their prosperity. Any set back to the farming community will have its death blow on the economic growth of the country. Nevertheless Agriculture sector did not receive its due and deserving attention throughout the 1950's 1960's and early 1970's. But in recent years there has been a decided shift in the attitude and agriculture is now receiving high priority; and an increasing proposition of government money and attention compared to periods when heavy industry took priority. The 1979-80 budget even illustrates this change in stance.

In the Sixty five year plan (1978-1983) agricultural output is projected to rise by 4% per annum. Food grains production is expected to reach 140.5 to 144.5 million tons in 1976-78 and 101 million tons in 1973-75.

#### THE AGRICULTURAL SECTOR

COUNTRIES.	Rural Population as % of Total.	Labour in Agriculture as % of Total.	Agriculture Contribution to National income.
Bangladesh.	91.2	78	56.8
Burma.	77.7	67	56.7
INDIA.	79.4	69	44.2
Pakistan.	74.0	55	34.1
Sri Lanka.	75.7	55	36.8

In view of the foregoing any attempt at rural development, should therefore take into account the socio economic needs of the rural community. All the government policies are therefore now being framed keeping in view the poor farmers and number of benefits are being offered to the farming community. The following governmental projects are more directly involved in the task of rural up-liftment.

1. Small Farmers Development Agency (SFDA)
2. Integrated Tribal Development Agency (ITDA)
3. Command Area Development Authority (CADA)
4. Drought Prone Area Programme. (DPAP) etc.,

The Small Farmers' Development Agencies (SFDA) are making a great headway in improving the Socio-economic standards of rural people in the areas of their operations. Information available till the end of August '78 indicate that the total number of participants identified since the inception of the projects are 1.62 crores including 24.46 lakh belonging to Scheduled Castes and Scheduled Tribes. The Union Government released a total sum of Rs.174.56 crores since the inception of SFDA's including the funds released to SFDA projects in Cuddapah, Bandhara, Bhiwani and Purulia which discontinued functioning with effect from April 1, 1976.

A new strategy of Rural Development viz. INTEGRATED RURAL DEVELOPMENT is being adopted by Government of India for the Current Plan period. The new programme envisage that apart from the existing schemes under SFDA, DPAP and CADA a number of self employment schemes will also be made available in each block with the grant-in-aid amount of Rs.5.0 lakhs set for each block. As a first step 2000 community development blocks from among those already covered by programmes of SFDA, CADA and DPAP have been taken up for intensive development during the first phase and 300 other blocks will also be added to this annually for 5 years for intensive block level planning and development. Thus 3,500 blocks would have been covered by the end of Sixth plan period. Efforts would also be made for providing good infrastructural facilities by the Government for the successful implementation of these programmes.

Government should also ensure supply of quality seeds, improved varieties, chemical fertilizers, pesticides at reasonable rates to the farming community. Towards this goal, among other measures excise duties on all chemical fertilizers were cut in half and taxes on mechanical tillers, light diesel oil (for electrical water pumps) and pumps for irrigation were either reduced or exempted. To encourage lending to the agriculture sector, commercial banks will also be allowed to deduct, within limits, the bad debts incurred in rural loans from their incometax, and the agricultural Refinance and Development Corporation was exempted from Income-tax completely to lower interest rates to rural borrowers.

Agricultural Universities and Agriculture Departments can play a vital role in improving the rural economy by & developing new varieties of crops suitable to the ever changing needs and situations, conducting experiments and suggest suitable types of fertilizer, cropping pattern, profitable crop rotation, pesticides and their timely application. The results achieved in the laboratory should reach the ultimate beneficiary, the farmer. Because of this importance, schemes like Lab to land schemes have been launched. It is here where the extension agencies will have to plunge into action. They will have to conduct Method Demonstration Experiments, Results Demonstration Experiments right in the villages and infuse confidence among the rural farmers. Adult Education Camps are also being conducted in the villages to educate the farmers to enable them to receive and apply judiciously the knowledge and techniques infused to them for successful implementation and improvement of their economic lot.

Government is also granting subsidies/margin monies and exemptions in respect of Small/Marginal Farmers, SC/BC communities.

Very good encouragement is being given for starting cottage industries, Small Scale Industries under tiny sector even in Villages.

Government should also see that the farmers get a reasonable price for his produce and relieve them from the exploitation by middlemen. Construction of godowns/warehouses right in the village will a long way in helping the farmer to store his produce until it fetches him a reasonable price in the market and avoid distress sales.

# ROLE OF COMMERCIAL BANKS

Reasling the importance of Agriculture in building up the countries economy , with the nationalisation of some of the scheduled commercial Banks, since 1969, they have assumed the role of purveyor of rural credit and agents in transfer of technology.

Our rural economy is very poor and is bedecked with rural indebtedness. The poor farmers who were hither to exploited by the private money lenders are heaving a sigh of relief with the entry of commercial banks in financing agriculture and allied activities and meeting their other needs also. Though co-operative societies are also financing Agriculture their coverage is very less. It is only to bridge the credit gap commercial banks have entered this area and are financing for short term requirements like crop cultivation expenses and Medium and Long term requirements like Minor irrigation schemes viz. digging of new wells, development of old wells, purchase of pumpsets, land developments, farm mechanisation etc. and since then are making rapid strides in bettering the lot of their poor farmers.

From the experience gained in rural financing banks have changed their methods of approach from scattered financing. Of late more emphasis is being given to village adoption and area approach programmes and comprehensive Crop Development schemes. With the object of moving still close to the rural folk and identify themselves with them, banks are opening their branches even in remote villages and catering to their socio-economic needs and winning their hearts. Banks are now a days the best friends of the farmers. Now a days we cannot find any village not financed/adopted by one or other commercial banks. By opening branches in villages and interior places banks are infusing the bahit of savings also. From the table given below, it can be inferred that there is a 3-4 fold increase in the net work of banks branches in rural and semi-urban areas. Also a major portion of Bank lending are now a days flowing to priority Sector.

## REGIONAL SPREAD OF BANK OFFICES

	<u>Number of Offices</u>			<u>% Share in Total</u>		
	June '69.	June '78.	April '79	June '69	June78	Ap1 79.
Rural	1,832	11,802	13,064	22.4	42.1	43.7
Semi-Urban	3,322	7,586	7,821	40.1	27.1	26.2
Urban.	1,447	4,542	4,695	17.5	16.2	15.7
Motropo-	1,661	4,086	4,294	20.0	14.6	14.4
litan/Port-	1,661	4,086	4,294	20.0	14.6	14.4
Towns.	8,262	28,016*	29,874@	100.0	100.0	100.0

Note: Classification of centres in June 1969 based on 1961 censuses and in June 1, 1978 and April, 1979 and 1971 censuses.

\* Excludes 144 offices closed during the period June 1969 to June 1978.

@ Excludes 148 offices closed during the period from June 1969 to April, 1979.



ALL INDIA LEVEL

	<u>Number of Bank Offices</u>	<u>Population per Office.</u>
June 1969.	8,262	65,000
June 1978.	28,016	23,000
April 1979.	29,876	21,000

Local leaders can play a vital role in the all round development of the villages, if they are selfless, educative and guide people on the Pros and Cons of a project taken up either by government/financial institutions for the betterment of their economy. Since they are the people right in the village, they can understand the difficulties, felt needs etc. of the village, ventilate the grievances and help for their redressal.

For any scheme, to be successful, the officials concerned should have integrity, dedication to work and should totally involve themselves with the schemes, besides identifying themselves with the rural population.

Also there should be proper co-operation and co-ordination among the various agencies involved in the project. Then only the desired results can be achieved.

Last but not the least there should be feed back of information and an evaluation of the project (on going and post project). These evaluation studies makes it possible for the management to understand and compare the results of similar programme under different types of situations and enable to understand the bottlenecks in the implementation and there by provide a more realistic base to the scheme formulation effort.

" HAPPY RYOT - NATIONS PRIDE "

SOURCES:-

Indian Overseas Bank's weekly economic news.

IBA Bulletins.

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By  
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All the Plans & Schemes ever since we attained Independence aimed at improving the living conditions of the countrymen at large, and rural folk in particular.

When we utter Rural we also visualise the poverty of the rural population. When we say Rural Development, we mean reduction of poverty or improving the living standards of the rural people. This is attempted through schemes calculated to increase their income levels by eliminating poverty and ~~un~~-un-employment. One may go one step further and say that the major objective would be to develop and reconstruct the rural economy such that income flowing from the ownership of productive assests, skills and ~~xxxxx~~ labour would be automatically distributed more ~~of~~ equitably. In other words, efforts would have to be made to remove the very source of poverty, be it lack of material assets, lack of skill or the previlence of exploitative institutional arrangements.

The conception of SFDA is the result of the past experiences derived from various schemes and their success and failure mainly of the "Green Revolution". Now after the experience of past five years of SFDA, DPAP, MFAL working the IRD is tagged on, although the aims and objectives is the same with minor changes in execution and financing.

There are three spots of operation which govern the results of the SFDA and allied schemes. They are Agency, and its organisation, Banks and the Borrower himself.

1. The programme has to be executed through the existing extension machinery that is the Panchayt Sami-thi staff and the departments. The success of programme will essentially depend on the Project Officer and the three Asst. Project Officers who will constraintly have to chase the extension staff on the one hand, and the financing institutions on the other. Thus the level of commitment to be obtained from extension staff could be crucial to the success of programme.

The problem is to divert the attention of the extension from big farmers to small farmers.

A related issue is the identification of beneficiaries and the involvement of the revenue staff in this process. The village ~~xxxxxx~~ patwari is the main hindrance. The village records i.e Pahani and Chowfasla are

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treated as the most sacred and secret documents. It is highly difficult if not impossible, non challent to get the correct contents of the record in time.

At field level inability of the Block Development Officers to concentrate on certain items. The work of the SFDA generally does not find its place in the priority items of BDOs. For everything we have to depend on the memory of the VDOs, Since it is not possible to trace out the records readily. The deputation of the Extension staff for screening speaks clearly the aptitude of the Block Development Officers.

Yet many BDOs think the existance of the Agency is superstitious; the funds covered as well be placed at the disposal of the BDOs for quick EXPENDITURE. This is however a controversial subject.

#### B A N K S:- Commercial and Co-operatives:

The norms and rules differ from one bank to another bank. This is most confusing. There are many banks which have not yet started to participate in the SFDA or I.R.D. There are banks which have taken lakhs of rupees advance by way of subsidy with over enthusiasm and are unable to utilise them. Both of them are dislived by the borrowers. Many branches have been opened in rural areas in conformation with the Reserve Bank of India guidelines, but the whole hearted participation lacks. There are branches which want to participate but favourable atmosphere is not created for them. In general the bankers complain firstly that they do not have staff, & where there is staff, non repayment and sticking accounts are said to be the causes for non-~~financing~~ loaning.

At least in this district we have not been successful with the cooperative banks to make them take ~~xxx~~ a lead over the commercial banks. Even the borrowers shudder to go to them when canvassed.

If the bankers are successful to identify the potential borrowers initially and help them ~~xxxxxx~~ secure loans directly, some discontentsment might disappear from the rural population.

At this ~~xxx~~ stage one has to mention about the pairiwi.kars of the agents. Without going into the details these people can be avoided if the banks reduce the time lag between the promise and payment. This would also create confidence in the borrower.

BORROWER:- The real borrower is always be informed or not informed properly of these schemes. In the zest to create good impression of scheme or improve the personal image with selfish motives, the distated pictures are given to them. Generally it is the extension staff res-



possible. For example once the SFDA form is filled the future borrower is assured of the loan attempt it is only a data collection. Once the form is filled up he starts making round of the Agency office and Block Office. When he vexed, an agent emerges out of his vexation.

Once banks opened, all the villagers demand or at least expect that every one of them should be given loans whether they deserve or not.

The Agency has various schemes with certain guidelines. No one has time to discuss with patience, the immediate needs of the borrower, and suggest him a scheme which would bring him some income at the same repay. The borrower simply wants some money therefore he does not bother to hear the scheme and its usefulness. In cases where borrower is clear in his thinking the records do not permit him to obtain the credit.

The general impression of a section that the banks are the Govt. property, and once the money is lent, need not be returned, is yet another stumbling block in the progress of loaning programme. Ofcourse this impression is created by various agencies and past experiences of borrowers with similar loaning.

Finally the non-challant attitude of the regular departments, whose infrastructure has got to be used in pushing through the animal husbandry and Agriculture programme, is cautious anxiety. There is always a feeling among the staff that the agency work is the extra work and therefore the least priority. Unless there is an integrated approach is stimulated, and all the departments coordinated how can the SFDA deliver the goods?

## RURAL DEVELOPMENT-WEAKER SECTIONS:

By  
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We took to planning hoping that in next 15-20 years we would usher in good life for our teeming millions. We promised land to the tiller, job to the jobless and health care to needy. The "Green Revolution" we fondly hoped would lead to the upliftment of the rural poor. We could produce over 125 million tonnes of food grains annually but the aim of upliftment of rural poor could not be achieved. The rural poverty has increased. As the N.S.S data on consumption expenditure during the period 1960-61 to 1973-74 reveals, estimated percentage of persons below the poverty line in rural areas has gone up from 55.3 in 1960-61 to 62.9 in 1973-74. Ironically this increase in the proportion of the rural poor has taken place against a background of an increase of 27.2 over the period in the net national income from Agriculture and allied activities at constant price.

In our country it is not feasible in the foreseeable future to transfer substantial labour force from Agriculture to Modern Industry. It is not worthy that all the plans of Industrialization since the 50's have not even marginally altered proportion of the labour force dependent on Agriculture, which has remained stuck around 74% for more than 5 1/2 decades. (1921-76). Any realistic land policy therefore must give high priority to restructuring the Agrarian structure in a manner that it is able to absorb this continuing population pressure on the land now and in the coming decades. For this it is necessary to make such institutional and technological choices as help simultaneously and to provide employment to larger rural ~~xxxx~~ force as possible. It is this dual challenge which cannot be met by transfer of institutions and technology from west European countries having a low-man land ratio to India having high-man land ratio. This calls for innovation of institutions and technologies suited to a labour surplus country. The fact that foreign expertise has been liberally provided to India by countries vastly dissimilar to India and least equipped to provide advice as itself caused serious complication. The evolution of Agrarian system over the years however has not proceeded in accordance with the principles. This is borne out by the latest data relating to the distribution of land in India. According to the Agricultural census of India 4% of the farms of 10 hectares and above cultivated (1970-71) as much as 31% of the land area. At the other end 70% farms of 2 hectares or less cultivated only 21% of the land area. (Again. 5% of these farms of 1 hectare are less cultivated only 9% of the land area). It is clear that the old land system has been replaced by a new system having large farmers at the top and small and tiny producers and labourers at the bottom. While large farmers have under utilised resources of land and capital, the latter have vast but under utilised labour. The Surplus labour at the bottom is not absorbed by the wage labour provided by the large farms at the top. Under the new system landlessness has increased much more than the growth of wage labour.

Out of 70.5 million operation holdings in our country 35.7 millions or more than 50% have less than one hectare each

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and accordingly for 9% of the total area. These fall under the category of marginal and sub-marginal farmers whose holdings are not viable for basic minimum livelihood. Next come those whose holdings fall between 1 and 2 hectares and are classified as small farmers numbering 13.4 million or 19% ~~accounting~~ accounting for about 12% of the total area. These holdings also with very few exceptions fall in the category of non viable agricultural holdings. The bulk of the ~~4~~ viable holdings which exceed 2 ~~acres~~ acres each are put under 3 categories viz; Semi medium, medium and large with 2 to 4 hectares, 4 to 10 hectares and above 10 hectares each respectively. The semi-medium holdings number 10.7 millions are 15.2% and account for 18.5 % of the area. Medium holdings account for 11.2% and about 30% of the area, while larger holdings which number only 3.4% account for as much as 31% of the total area.

L Now let us discuss the programmes of rural development taken up by the Government. Three special programmes S.F.D.A, D.P.A.P and C.A.D are being implemented in number of blocks in our country. Two schemes of S.F.D.A and M.F.A.L were introduced for making small and marginal farmers economically viable and for improving the lot of Agril. labourers by raising the output of small holdings and generating employment through subsidiary occupations. The main object was to uplift the economically weaker sections of the rural population.

In 5th plan two schemes of SFDA and MFAL were merged and the number of projects was increased to 160. Each project was registered under Society's act and expected to cover 50 thousand families of identified beneficiaries. The Agency will provide subsidy of 25%, 33 1/3% and 50% for different categories of farmers. The DPAP Programme started with the object of mitigating the scarcity conditions and to eliminate drought. In these vulnerable areas for a period of time also to help the small and marginal farmers and agricultural labourers. It is expected to cover 10 thousand families during the project period. Recently I.R.D.P and Anthyodaya programmes also have been started in selected blocks.

It is seen ~~xx~~ in these projects that the approach is mere a target oriented or a sectorial approach to Rural Development. It may not solve the rural problems of rural poor.

There should be change in rural poor approach.

More number of mouths are to be fed on less ~~number of~~ land and small farms. The techniques should be modified for small farms.

Besides small farms the small and marginal farmers are from the group of people whose level of education is low. They are not early adoptors. All these ~~adversities~~ adversities require some package of improvements and more powers to rural development organisation.

So far the programmes taken are mainly crop husbandry, animal husbandry and rural industries in SFDA's and DPAP's etc., for the beneficiaries who were having some agriculture land and whose income on other than agriculture does not exceed Rs.2400 per annum. But the development of rural poor should be on the basis of poverty only. Whether he owns land or not



and whatever scheme fits to him should be taken up.

The conventional techniques on Agriculture, Animal Husbandry and Rural Industries should be replaced by new techniques evolved for rural poor as most of techniques are suitable for other than small farmers. There should be research on these new techniques.

The Rural Development organisations like SFDAs, DPAP, ITDA, SC, BC Service Society, Women Welfare Corporation etc. are functioning separately. The department of agriculture, ~~xxx~~ department of animal husbandry, dept. of Industries, department of public health etc. are functioning separately as per the set up of Government. The functions of all these are mostly rural oriented. If all these organisation and departments work ~~xx~~ under one roof and common objectives the rural development would be very rapid. A to Z required for rural development should be from one Agency.

The constraints on the rural development as stated above are one side and on other side is the availability of institutional credit for implementation of programmes. There are commercial banks and cooperative banks for institutional credit. Different banks have different lending policies and procedures. There is gap between identification of rural poor and arranging of credit. The banks also should take up survey of these identified rural poor and fix-up a credit limit for each individual. A suitable scheme for him can be sponsored keeping in view the credit limit fixed to him, or else the credit resources also should be pooled with the agency which will arrange subsidy and loan required for the scheme.

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" ANTYODAYA " ( A NOVEL SCHEME )

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One apt to get himself disinterested in rehearsing that India is an Agricultural country. The fundamental question that arises here is what is the impact of the Green Revolution and Indian Planning Era on the weakest of the weak. Still poverty exists in the midst of plenty. Then how to break this vicious circle of poverty. This burning economic problem has taken the undivided attention of most of the Indian planners, economists and agricultural scientists in the last quarter of the current century. This sort of rationale thinking in Indian Rural Economics made the planners to advocate the adoption of Anthyodaya Programme which may rightly be called as "Indian Magna Carta".

As the very name signifies it is an uplift of the last-man who is poorest of the poor. Rajasthan is the first state in India to launch this programme on 2nd October 1977. Later on it was followed by Himachal Pradesh, Uttar Pradesh, Orissa, Assam, Gujarat and Andhra Pradesh. Anthyodaya may be regarded as a golden means and most powerful economic weapon to eradicate unemployment and poverty from the most vulnerable section of rural poor.

The strategy, methodology and coverage of this programme may differ from state to state but the most common progressive objectives accepted as national goals are identification of the poorest families who are below poverty line, removal of poverty from the grass root level, i.e the poorest family involvement of idle man power resources in various economic activities, supply of productive assets to generate perennial income from self employment amongst the poor families.

The above <sup>Parameters</sup> of Anthyodaya Programme attempt frontal attack on all aspects of the last man in the poorest family. Family in this programme is a unit of development. Under the economic philosophy of this programme the idle human resource in a family in ... capable of working because of old age are given old age pension as fixed by Government. In Rajasthan the old age pension has been considered up to Rupees forty for a single and Rupees sixty for a couple.

The poverty line which is the main criterion for the selection of families depends upon the per capita income and the later is relative and differs from place to place. In Rajasthan model poverty line is determined on the basis of monthly income of Rupees three hundred (Rs.300/-) per month for a family and it is estimated that the families whose monthly income is below Rs.300/- cross poverty line with in a decade.

Another school of thought defined poverty line on the basis of nutritional requirement of 2400 calories per person per day for rural areas and 2100 calories per person per day for urban areas. Based on this the monthly per capita

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consumption expenditure has been calculated to the extent of Rs.61.80 for rural areas and Rs.71.30 for urban areas at 1976-77 prices. Using the above norms of consumption it has been estimated that 48% of the population in rural areas and 41% in urban areas were below the poverty line in 1977-78.

In Andhra Pradesh model, for the identification of the Anthyodaya families, the poorest income of the household has been suggested to Rupees one hundred Rs.100/- in the first and in the second group Rs.101 to 200, third group 201 to 300, fourth group 301 to 400 and in the last above Rs.400/-.

From the above models it is quite evident that most economically backward families whose net income from all sources is meagre and who are at subsistence level are to be selected under various economic support programmes.

The selection of a village and identification of the families are to be made in consultation with village officials, non-officials and local leaders. Based on the information furnished by Gramsabha a socio-economic profile of each family is to be prepared. The schemes prepared in consultation with the heads of the selected families should take in to account the skills, resources, aptitude and scale of preferences of the beneficiaries. The village Anthyodaya plan should include the most economically viable and technically feasible schemes. The important programmes from locally needed schemes are to be drawn up for implementation. It is generally seen that the most attractive and remunerative programmes relate to Animal Husbandry sector. Special mention may be made of milch cattle, poultry, sheep and goat rearing, piggery. Besides these programmes, bullock carts, rikshaws, small shop keeping, village industries etc. may be suggested.

While preparing the Anthyodaya village plan it should be the formidable task to see that the targetted groups are involved in developmental schemes substantially.

So far financing the programmes the cost of such investments would be subsidised by the Govt. to the tune of 33 1/3% in case marginal farmers, agricultural labourers and rural artisans. The loan component of the approved programme is to be generated through the institutional financing agencies. In view of the significance and practical utility of the programme as a part of anti poverty strategy, the Reserve Bank in Rajasthan has introduced special concessionary terms for Anthyodaya borrowers. All Anthyodaya families are now entitled to commercial bank credit at the special rate of interest (4%) under the differential rate of interest scheme. Cooperative banks have been persuaded to reduce their rate of interest for Anthyodaya borrowers from 10.5% to 6.5%.

The active involvement of commercial and cooperative banks is absolutely essential for speedy and timely implementation of Anthyodaya programmes. The success of this programme largely depends upon the correct identification of beneficiaries, active role of Panchayat Raj Institutions, Govt. measures to provide infrastructural amenities and distribution of surplus lands to the land less beneficiaries through a well integrated and co-ordinated efforts and above all the active participation of the people.



## AGRICULTURAL CREDIT IN RURAL DEVELOPMENT:

By

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The gradual sophistication of agricultural technology in our country is forcing the farmers to use increased quantities of cash inputs. The demand and credit for improving the minor irrigation facilities and machinery is at its Zenith. Credit is now a days not regarded as "hangman's rope" on the contrary it is considered as "economic ladder or elevator" in uplift the socio-economic conditions of the farmers.

Naturally, farmers can't invest funds for acquiring all the inputs from out of their meagre savings and this fact underlines the importance of credit. It can be said that the credit is the most important input in modern agriculture. This brings into focus the need for efficient state administration. If There are innumerable complications in the system and required degree expertise to solve them is not available at present. The whole system needs unbiased and careful scrutiny at all stages of working so that it could be established as an efficient and useful tool to fulfil its purpose of socio-economic advancement.

One of the aspects of agriculture financing which has invited lot of attention and much discussion relates to rules and procedures. There is a general feeling that these rules and procedures are quite stringent cumbersome and conducive to red-tapism at various levels. It is also alleged that rules and procedures are used as a mask to cover the delaying tactics of the banks. While realising and acting upon the precept that timeliness is the essence of agricultural credit, it must also be ensured that the very basic information which helps the banker in judging the farmers need for credit is not sacrificed. Such information is its simplest relates to Land tenures and liabilities of the borrower. The lending agency, to begin ~~xxx~~ with, must know and satisfy itself that the borrower of an agricultural loan is an agriculturist and he has land. This necessiates the production of some proof of possession of land such as an extract of settlement register (Pahani ~~xxx~~ Patrika) showing the survey no.s of the land being cultivated by the farmer borrower.

However, obtention of Pahani Pathrika from the village official is becoming a herculean task to an ordinary farmer. Even today farmer is fearing to approach patwari. Village official is unhappy in loosing the grip over the farmer in his economic advancement. It is an admitted fact that after facing lot of inconvenience farmer is able to get pahani. In taluk offices also farmer is feeling the similar difficulty. Keeping in view of these constraints, farmers are withdrawing the idea of availing the facilities extended by commercial banks.

To ease the situation and relieve the farmers from the clutches of village officials, the state administration may supply a copy of the village pahani pattrika and chowfasla to the commercial bank, which has adopted the village and extending the credit on intensive ~~xxx~~ scale. The adopted bank will verify the land particulars of the farmers from the records supplied by the state administration without reference to village officials and ultimately help in disbursement of loans to all the needy farmers intime. It is pertinent to code that the Govt. of Madhya Pradesh cyclostyled the extracts of the land records and these are available very freely to the farmers on a nominal price.

Farmers are clamouring for financial assistance for improving the irrigation facilities and thereby improve the crop yields. But banks are unable to extend finance for want of proper title to the lands in Telangana region of Andhra Pradesh. However commercial banks are extending credit to dairy, poultry, machinery and crop loans on hypothication.

Another important piece of information which the banker requires is the indebtedness of the farmer. Farmers raise loans for different purposes privately and from institutions such as co-operative societies, land mortgage banks and commercial banks. It should be noted that the liabilities of the farmer do not exceed his repaying capacity which the main determinant of eligibility of the farmer for agricultural credit. It is also not uncommon that the farmer may be tempted to raise the loans from more than one institution for the same purpose either in co-operative banks or in commercial banks.

Duplication of credit means overfinancing and its consequences are lowering the repaying capacity of the borrower and defaulting in repayment. As a precautionary measure against these eventualities the banker should collect information pertaining to liabilities of the borrower by obtaining the non-encumbrance certificate and no dues certificate etc.

Thus it is evident that certain minimum information about the borrower is indispensable and the time spent in gathering this cannot be construed as a waste or delaying factor.

#### S.F.D.A:

This Agency is identifying the farmers having total land holding of 2.5 acres and 5 acres ~~max~~ as marginal and small farmers respectively. Acreage has been taken as the criteria in categorising the farmers irrespective of productivity of soil and income generation from the land holding. For an example a farmer having 2 acres irrigated garden soil is being categorised

as marginal farmer whereas a farmer having 6 acres of chelka soil as big ~~gx~~ farmer whose income is much less than the farmer. Such unrealistic categorisation leads to lop-sided development and benefits intended will not reach the real farmer.

Soil maps of the district are to be prepared depending upon the ~~xx~~ type of soil and productivity and may be divided into zones for classifying the farmers.

SFDA sends lists of identified farmers to the banks ~~xxxxxx~~ concerned for finance. Lending agencies in turn advise the farmers to submit relevant records such as Pahanī Pathrika, Chowfasla, non-encumbrance certificate etc.. Being an illiterate small farmer, he is unable to complete the formalities putting the banker in an embarrassing position.

Agency's work will not be over in identifying the farmer and releasing the subsidy. As a development Agency ~~xx~~ if it helps in procuring the relevant records as required by the lending agencies, banks do not hesitate extending the credit to all the needy.

There will be a free flow of credit to the agriculture if the shortcomings pointed above are regularised by state administration and development agencies, leading to rural development.